

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6039

BILL NUMBER: SB 16

NOTE PREPARED: Oct 18, 2012

BILL AMENDED:

SUBJECT: Retailer Permits in Annexed Areas.

FIRST AUTHOR: Sen. Boots

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows the Alcohol and Tobacco Commission (ATC) to issue a three-way permit to proprietors of restaurants and new restaurants for the sale of alcoholic beverages if the restaurant or new restaurant: (1) is located in a territory annexed by a city or town; (2) is located in an area that has been designated an area of economic development by the city or town; and (3) meets certain other requirements.

The bill also allows a city or town to designate all or part of an annexed territory as an area of economic development if: (1) the legislative body of the city or town adopts an ordinance defining the boundaries of the area of economic development; and (2) the boundaries of the area of economic development are located more than one mile outside the corporate boundaries of the city or town as those corporate boundaries existed on the date preceding the effective date of the annexation.

It provides that the permits are not subject to the state's quota restrictions and prohibits the permits from being transferred to another location.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The permit changes in this bill will require the ATC to amend rules, forms, and computer software related to the issuance of three-way permits. This bill will increase the number of entities eligible to receive a three-way permit. If additional three-way permits are issued, the increase in expenditures may be offset as more funds are deposited in the ATC's Enforcement and Administration Fund (EAF).

Explanation of State Revenues: This bill could increase the revenue collected from the issuance of three-way permits; however, the amount of the increase will ultimately depend on the number of establishments that meet the criteria outlined in the bill.

Three-way permits allow an establishment to sell beer, liquor, and wine. The fee for a three-way permit is \$1,000. The fees are initially deposited in the Excise Fund and then redistributed 37% to the General Fund; 33% to the general funds of cities, towns, and counties; and 30% to the EAF.

Explanation of Local Expenditures: This bill does not introduce new expenditures for local governments. The legislative bodies of cities and towns, however, are responsible for designating annexed territories as areas of economic development.

Explanation of Local Revenues: As stated in the *Explanation of State Revenues*, additional permit fees will depend on the number of qualified establishments. Thirty three percent of permit fees are distributed to the general funds of cities, towns, and counties.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Lauren Sewell, 232-9586.